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SUBJECT: IRAQ SIGNS MEMORANDUM OF UNDERSTANDING WITH USAID FOR ELECTRICITY SECTOR CAPACITY BUILDING

**¶1. SUMMARY:** Iraq's Minister of Electricity, Dr. Karim Hasan, and Christopher Crowley, Mission Director for the U.S. Agency for International Development (USAID) in Iraq, signed a Memorandum of Understanding (MOU) on 10 September 2008, in support of the Ministry's vision to strengthen its management and services to improve Iraqis' quality of life and accelerate the national economy. USAID's work with the MoE in the past few months has emphasized institutionalizing safety and work force development, including human resources job descriptions, government accounting training, the public management cycle program and project management. The four working groups already underway and receiving USAID assistance seek to make practical, tangible progress at installing managerial capacity within the Ministry of Electricity. END SUMMARY.

**BACKGROUND:** After many months of collaboration, the MOU cements the commitment of the USG to continue assisting the MoE in improving administrative systems and training with an emphasis on fiscal management, budget preparation and execution, procurement and project management. Ambassador Marc Wall, Coordinator for Economic Transition in Iraq; Karen Aguilar, Director, Iraq Transition and Assistance Office; and Brigadier Hamish McNinch, Director of Energy Operations, Energy Fusion Cell, also attended the ceremony. The MOU marks a milestone in the relationship between the Iraqi Ministry of Electricity (MoE) and the USG.

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USAID'S EFFORTS IN THE NEXT 90 DAYS

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**¶3.** USAID's work with the MoE in the past few months has emphasized institutionalizing safety and work force development, including human resources job descriptions, government accounting training, the public management cycle program and project management. The MoE organized four working groups with USAID to tackle this range of projects:

a. Operations and Maintenance (O&M) - A core group of three MoE managers plus staff from 20 MoE generating plants will be working with the O&M Work Group to improve computerized inventory, maintenance management and safety operations at power plants. The expected outcome is the establishment of an institutionalized culture and structure of safety practices in MoE planning, operations and human resources development. The work group received the MoE budget for safety for the next three years as follow-up to the work group meeting on 20 August 2008. The MoE's budget totals \$900 million and is targeted to cover all MoE facilities across the country.

b. Regulatory Commission - This work group will

support development of a regulatory structure for electric sector operations and establish tariffs. A seminar was held on 24-28 August 2008, for senior MoE management to study various aspects of regulation. This seminar pointed out activities within the MoE that will need substantial strengthening in order to make regulation work. Understanding the functions of regulation will enable the MoE to convert its data into useful information for reporting and measuring performance and control.

c. Human Resources (HR) - The group is tasked to prepare job descriptions for the MoE. Specific departments have been selected as pilot areas for the developing of job descriptions and career development. The work group developed a work plan that has been approved and is currently being implemented to collect data about the jobs in order to design a job description model. Ministry groups collected the job data on the specially designed questionnaire in four pilot departments. The HR Work Group will analyze the data as a step toward developing correct job descriptions within the pilot departments. The second output of data collection and analysis is the career development of the personnel at the selected departments.

d. Energy Planning - The objective of this work group is to improve energy-sector planning through collaborative activities between the Ministries of Oil and Electricity. Nominees from each ministry have been named and the work group has drafted strategic guidelines and a task plan for this critical group.

The joint workshops for Integrated Supply Chain Management and Project Management have also been helpful in exposing middle management from the two ministries to common problems and the need for joint planning. One example of the joint planning starting to bear fruit is the Ministry of Oil has included in its 10-year plan a provision to supply every electrical facility with the appropriate amount of fuel.

¶4. COMMENT: With elections approaching and essential services still lagging, improved service delivery of electricity is critical. This memorandum of understanding underscores the level of trust and the positive relationship between the U.S. Mission and the GoI on this sensitive matter. The memorandum respects Iraqi sovereignty while laying the foundation for helping institutionalize progress and building capacity within the Ministry of Electricity. The four working groups already underway seek to make practical, tangible progress towards installing improved managerial capacity within the Ministry. Nevertheless, this ministry needs to make rapid and substantial performance improvements if it is to fulfill its contribution to the success of the new Iraq.

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